

Amendment No. 1 to HB1373

Sargent  
Signature of Sponsor

**AMEND Senate Bill No. 1000\***

**House Bill No. 1373**

by deleting the first two sentences from Section 9-4-5802 of the amendatory language of section 7 and by substituting instead the following:

The state employee legacy pension stabilization reserve trust is created. The state employee legacy pension stabilization reserve trust fund shall be established and funded through appropriations made in the general appropriations act from time to time for such purpose.

**AND FURTHER AMEND** by deleting the second sentence from Section 9-4-5805(a) of the amendatory language of section 7 and by substituting instead the following:

If in any given year, the actuarially determined employer contribution rate for state employees exceeds the actuarially determined employer contribution rate for state employees as of fiscal year 2018, the board of trustees of the Tennessee consolidated retirement system may certify to the trustees of the trust the amount necessary to fund the increase in the employer contribution rate for that year.

**AND FURTHER AMEND** by deleting the language "legacy pension stabilization reserve trust fund" wherever it appears in Section 9-4-5805 of the amendatory language of section 7 and substituting instead the language "state employee legacy pension stabilization reserve trust fund".

**AND FURTHER AMEND** by adding the following as a new section immediately before the severability clause and renumbering the subsequent sections accordingly:

SECTION 8. Tennessee Code Annotated, Title 9, Chapter 4, is further amended by adding the following as a new part:

**9-4-5901.** As used in this part, unless the context otherwise requires:

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(1) "Legacy pension plan" means the Tennessee consolidated retirement system that is established in title 8, chapters 34 - 37, excluding the Hybrid Retirement Plan for State Employees and Teachers that is codified in title 8, chapter 36, part 9;

(2) "Teacher" has the meaning set forth in § 8-34-101(49)(B), but does not include any person employed by a public institution of higher education; and

(3) "Trustees" means the five (5) trustees designated in § 9-4-5702.

**9-4-5902.** The teacher legacy pension stabilization reserve trust is created. The teacher legacy pension stabilization reserve trust fund shall be established and funded through a mechanism and methodology as shall be determined in the future by the commissioner of finance and administration and the state treasurer. The trust and the funds therein shall be administered by the department of the treasury. The trust fund shall be an irrevocable trust for the benefit of teachers who are members of the legacy plan. The assets of the trust fund shall be preserved, invested, and expended solely pursuant to and for the purposes of this part and shall not be loaned or otherwise transferred or used for any other purpose. The attorney general and reporter shall approve the terms of the trust instrument.

**9-4-5903.** The comptroller of the treasury shall serve as the chair of the trustees and shall preside over all meetings and proceedings of the trustees.

**9-4-5904.**

(a) The trustees shall adopt an investment policy authorizing how assets in the trust may be invested. The policy shall not authorize assets in the trust to be invested in any instrument, obligation, security, or property that would not constitute a legal investment for assets of the Tennessee consolidated retirement system. The state

treasurer shall be responsible for the investment and reinvestment of trust funds in accordance with the policies and guidelines established by the trustees.

(b) The funds transferred or deposited into the trust may be commingled with, co-invested with, and invested or reinvested with other assets transferred or deposited into the trust. All or a portion of the trust may be invested, reinvested, and co-invested with other funds, not a part of the trust, which are held by the state treasurer, including, but not limited to, assets of the Tennessee consolidated retirement system and the state pooled investment fund established pursuant to title 9, chapter 4, part 6.

(c) The state treasurer shall assess a charge to the trust, in an amount to be determined by the treasurer, to meet the administrative and investment expenses of the treasury department in providing services under this part.

**9-4-5905.**

(a) As provided in this section, the purpose of the teacher legacy pension stabilization reserve trust fund is to protect teacher members of the legacy plan from a reduction or erosion of funds in the legacy plan that are necessary to pay benefits provided by the plan. If in any given year, the actuarially determined employer contribution rate for teachers exceeds the actuarially determined employer contribution rate for teachers as of fiscal year 2018, the board of trustees of the Tennessee consolidated retirement system may certify to the trustees of the trust the amount necessary to fund the increase in the employer contribution rate for that year. Upon receipt of the certification, the trustees of the trust shall determine whether transferring all or a portion of the requested amount from the teacher legacy pension stabilization reserve trust fund would be in the best interests of the trust beneficiaries. If it is, the trustees shall direct the treasurer to transfer such amount as the trustees shall determine from the teacher legacy pension stabilization reserve trust fund to the state accumulation fund of the legacy plan.

(b) The assets of the teacher legacy pension stabilization reserve trust fund shall be used exclusively for the purpose set forth in this section and to pay the reasonable expenses incurred in administering and investing the trust assets.

**9-4-5906.** The trustees shall prepare annual financial reports following the close of each fiscal year relative to the activities of the trust. The annual reports, all books, accounts, and financial records of the trust shall be subject to audit by the comptroller of the treasury.